

[17 August, 2000]

RAJYA SABHA

**Administered Price Mechanism to fix the Sale price of Petroleum products**

† 2406. SHRI RAJ MOHINDER SINGH:

SHRI RAJIV RANJAN SINGH:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government have *decided* to make use of administered price mechanism for fixing the sale price of petroleum products

(b) if *so*; the *issues to be considered for the price fixing* under this policy;

(c) the reasons for adopting the system and the countries wherein the price fixation is made through this system; and

(d) the time frame fixed by Government to withdraw this system?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI SANTOSH GANGWAR): (a) to (d) Based on the recommendations of Oil Price Committee (OPC), the system of Administered Pricing Mechanism (APM) was introduced in 1976.

Main reasons to introduce APM was the availability of high quantum of domestic crude oil. Accordingly, the refineries' retention prices were derived on the basis of actual cost plus a reasonable return.

Gulf countries, Pakistan, Bangladesh, and Sri Lanka etc. have the system of administered pricing of petroleum products.

The Government, in November, 1997 decided to dismantle the APM in phases. The petroleum sector is scheduled for full deregulation from 2002 onwards.

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† Original notice of the question was received in Hindi.